

MORRIS, J.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

GEORGE CLAIR and LAURENCE, SCOTT AND
ELECTROMOTORS, INC.,

Plaintiffs,

-against-

FAUNUS GROUP INTERNATIONAL, INC.,

Defendant.

X

STIPULATION AND ORDER
DISCHARGING
DISINTERESTED
STAKEHOLDER

07-CV-06147 (VM)(GWG)

X

FAUNUS GROUP INTERNATIONAL, INC.,

Defendant and Interpleading Plaintiff,

-against-

LAURENCE, SCOTT AND ELECTROMOTORS
LIMITED (In Administration),

Interpleaded Defendant.

X

WHEREAS, Plaintiffs George Clair ("Clair") and Laurence, Scott and Electromotors, Inc. ("LSE Inc.") (collectively "Plaintiffs") brought an action against Defendant and Interpleading Plaintiff Faunus Group International, Inc. ("FGI") in the Supreme Court of the State of New York, New York County on May 18, 2007, titled *George Clair and Laurence, Scott and Electromotors, Inc. v. Faunus Group International, Inc.*, Index No. 07-CV-601679 (the "State Court Action"), alleging, inter alia, that Clair had previously caused \$720,000 to be paid to FGI and demanding its repayment ("Disputed Funds"); and

WHEREAS, FGI filed a third party Summons and Interpleader Complaint in the State Court Action against Laurence, Scott & Electromotors Limited (In Administration) ("LSE

Limited") on June 26, 2007, alleging that FGI no longer had an interest in the Disputed Funds but that it faced competing adverse claims to the Disputed Funds from Plaintiffs and LSE Limited, and demanding permission to pay the Disputed Funds into court and to be discharged from liability to all parties (the "Interpleader Action"); and

WHEREAS, FGI timely served an Answer and Counterclaim for Interpleader in the State Court Action on Plaintiffs on June 27, 2007; and

WHEREAS, LSE Limited timely filed a notice of removal of the State Court Action (including the third-party Interpleader Action) on June 29, 2007, thereby removing the entire State Court Action to this Court under case number 07-CV-06147 (collectively, the State Court Action and the Interpleader Action are, where appropriate the "Removed Action"); and

WHEREAS, on June 29, 2007, the United Kingdom administrators of LSE Limited also filed a petition ("Bankruptcy Petition") in the Bankruptcy Court for the Southern District of New York, titled *In re Laurence, Scott and Electromotors Limited (In Administration)* under case number 07-12017 (RDD) ("Bankruptcy Case"), requesting, among other relief, recognition of LSE Limited's United Kingdom Administration proceeding as a foreign main proceeding under Chapter 15 of the United States Bankruptcy Code which recognition would, if granted, stay the Removed Action; and

WHEREAS, LSE Limited moved by order to show cause in the Bankruptcy Case on July 2, 2007, for an order for provisional relief which would, if granted, immediately stay the Removed Action pending a determination on LSE Limited's Bankruptcy Petition; and

WHEREAS, a hearing on LSE Limited's order to show cause in the Bankruptcy Case for provisional relief staying, among other things, the Removed Action, has been scheduled for July 11, 2007; and

WHEREAS, Plaintiffs and FGI have agreed not to oppose LSE Limited's request for provisional relief in the Bankruptcy Case, provided all parties stipulate to discharge FGI from the Removed Action, and provided that LSE Limited modify its request for provisional relief in the Bankruptcy Case to permit entry of an order in the Interpleader Action discharging FGI from liability to the parties arising from the Disputed Funds, allowing FGI to pay the Disputed Funds into Court pursuant to Federal Rule of Civil Procedure 67, and enjoining the parties from suing FGI in this or any other proceeding for return of the Disputed Funds; therefore

IT IS HEREBY STIPULATED, AGREED AND ORDERED that FGI has no interest in the Disputed Funds, but faces conflicting claims to the Disputed Funds from Plaintiffs and LSE Limited, and therefore is a disinterested stakeholder in the Interpleader Action; and

IT IS HEREBY STIPULATED, AGREED AND ORDERED that within 10 days of this Stipulation being So Ordered by the Court, FGI shall deposit the Disputed Funds with the Clerk of this Court, pursuant to Federal Rule of Civil Procedure 67; and

IT IS HEREBY STIPULATED, AGREED AND ORDERED that FGI is hereby discharged with prejudice from any and all liability or participation in this matter or for any claims that the remaining parties may have for return or payment of the Disputed Funds, upon deposit of the Disputed Funds into the court, but without prejudice to any other potential claims or causes of action between or among the parties; and

IT IS FURTHER STIPULATED, AGREED AND ORDERED that all parties shall be enjoined from suing FGI in this or any other proceeding for return of the Disputed Funds, upon deposit of the Disputed Funds into Court; and

IT IS FURTHER STIPULATED, AGREED AND ORDERED that to the extent not stayed in connection with LSE Limited's Bankruptcy Case, the Removed Action will proceed as between the remaining parties; and

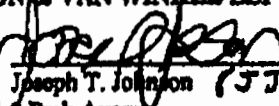
IT IS FURTHER STIPULATED, AGREED AND ORDERED that at the conclusion of the Removed Action, FGI will be entitled to move for recovery of any costs and attorney's fees incurred as a disinterested stakeholder in connection with this Interpleader Action, and Plaintiffs will be entitled to oppose such motion; and

IT IS FURTHER STIPULATED, AGREED AND ORDERED that this Stipulation may be executed in counterparts and by facsimile, which shall be deemed an original for purposes of this Stipulation.

Dated: July 12, 2007

EATON & VAN WINKLE LLP

By:


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*Attorneys for Interpleaded Defendant
Laurence, Scott And Electromotors Limited (In
Administration).*

IT IS FURTHER STIPULATED, AGREED AND ORDERED that to the extent not stayed in connection with LSE Limited's Bankruptcy Case, the Removed Action will proceed as between the remaining parties; and

IT IS FURTHER STIPULATED, AGREED AND ORDERED that at the conclusion of the Removed Action, FGI will be entitled to move for recovery of any costs and attorney's fees incurred as a disinterested stakeholder in connection with this Interpleader Action, and Plaintiffs will be entitled to oppose such motion; and

IT IS FURTHER STIPULATED, AGREED AND ORDERED that this Stipulation may be executed in counterparts and by facsimile, which shall be deemed an original for purposes of this Stipulation.

Dated: July 10, 2007

EATON & VAN WINKLE LLP

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Plaintiff Faunus Group Int'l, Inc.*

So Ordered: 

U.S.D.J.

Victor Marrero
